



*Mark Young  
New York Metro*

June 3, 1998

To: Don Fitzgerald

Subject: Dave's Voice-mail re: Direct Accounts with Inside Retail Stores

Dear Don,

After talking to all Account Managers and Key Account Managers, the region currently does not have any contracts in Direct Accounts that also have retail space for walk-in cigarette customers. We do have approximately 7 directs that do have a sales counter for walk-in customers, but any type of merchandiser or display on location is not on a contract payment. Our recommendation is not to have any contracts available to these locations and naturally, no retail promotions (single pack or carton offers).

Don, when you think about it ..... these directs with retail areas are basically the same thing as our "Sub-Jobbers". As you are aware, we do not have any contracts in Sub's, but we do have the DPC promotions. Our Sub-Jobbers ..... like a direct account with walk-in business or a Sam's Club, have a combination of Retailers that come in to buy cigarettes for their store as well as individual customers that simply walk-in to buy a carton. The difference is the percentage retailers vs. customers in each individual location. In our case, if the Sub-Jobber can guarantee that DPC promotions will only be sold to Retailers ..... then we allow the DPC program to be worked, but we have no promotions available to a consumer that just comes in off the street to buy a single carton of cigarettes.

Now, back to the information that Dave needs:

- |   |                                     |
|---|-------------------------------------|
| <input type="checkbox"/> Number of D/A's with retail:               | 7                                   |
| <input type="checkbox"/> Number with RJR contracts:                 | None                                |
| <input type="checkbox"/> Number with RJR retail promotions:         | None                                |
| <input type="checkbox"/> Should we have contracts in these outlets: | No ... not at this time.            |
| <input type="checkbox"/> Should we promote in these outlets         | No ... not to the walk-in customer. |

Hope my thought help. If you have any questions, give me a call.

Sincerely,

*Mark Young*

51842 4522